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Warehouses: Making Do With What You've Got

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• Canned Fruits and Vegetables: The Quality Difference

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Military Market survey

Warehouses:
Are Exchange Managers Satisfied With Them?

WAREHOUSES REMAIN a continuing source of anxiety, worry and perhaps even embarrassment for more than a few of the 20 exchange managers contacted for this month's survey. Twelve store managers felt that civilian warehouse operations were more advanced than those of the exchange systems, with only three managers believing the opposite to be true. Twelve exchange managers also believed their warehouse facilities offered them inadequate space.

Judging from the high number of responses received, such as, "no comment," "I'd rather not say," and "I'd prefer not to answer that question," a certain amount of discomfort when discussing warehouses is evident among exchange managers. Many voiced concerns about space, or rather, the lack of space. Comments about mechanical operations and labor-intensive procedures that they viewed as antiquated and backward were also heard.

Some weren't even excited about the prospects for automation arriving to their stores.

"All the fancy machines and computers in the world are not much good to you if you don't have the space to store the items in," is the way one AAFES store manager described the situation.

Despite a certain degree of cynicism, however, there was also a lot of optimism in evidence. "In the short time I've been here, we've made great strides in our warehouse operation," said a NAVRESSO exchange manager.

When asked to contrast the way warehousing is conducted today vs. 10 years ago, there was little disagreement among exchange managers that the situation has improved. "Everything was just haphazardly thrown in the back room — just one giant walk-through," explains one NAVRESSO exchange manager.

Said another NAVRESSO manager: "Today there are computers and hand-held scanning devices and all sorts of gee-whiz gizmos coming down the pike." Clearly, this is one exchange manager optimistic about the future of warehousing.

The exchange headquarters are offering the stores more guidance as well. One AAFES manager, describing the headquarters guidance he receives, told MILITARY MARKET, "We have a new regional chief stressing the importance of knowing what's in the warehouse. We're also putting more emphasis on who's responsible for what and on neatness in the warehouse."

"They tell me the stockroom should look just like the store," said another AAFES store manager. "Each girl should be as proud of her department on the store floor as the the individual stockroom department. This manager explained that she personally strives to make the two elements as near to identical as possible.

One point came across very clearly from this month's survey. Exchange managers may not be totally satisfied with their warehouse space, but they recognize the need to check on the warehouse daily, with 13 managers reporting that visiting the warehouse and checking on things is a very high priority for them. "I'm all over this store in a given day, and that surely includes my stockroom," says another AAFES exchange manager.

Many store managers eagerly anticipate further refinements for scanning and technologies that they believe will automate their warehouses more fully in the future. "I guess the bottom line is money, but things will get better. They have to," says one. MM

1 — PLEASE DESCRIBE YOUR WAREHOUSE OPERATIONS (e.g., ONE CENTRALIZED/REGIONAL WAREHOUSE, WAREHOUSE AS PART OF/ATTACHED TO THE STORE, AN INDEPENDENT WAREHOUSE, ETC.)? (See story.)

2 — WHAT WOULD YOU LIKE TO SEE CHANGED ABOUT YOUR PRESENT WAREHOUSE OPERATIONS? (See story.)

3 — DO YOU THINK CIVILIAN WAREHOUSE OPERATIONS ARE MORE ADVANCED THAN THOSE IN THE RESALE SYSTEMS?
Yes — 12. No — 3. Don't know — 3. No comment — 2.

4 — AS A STORE MANAGER, HOW MUCH EMPHASIS DO YOU PLACE ON YOUR WAREHOUSE OPERATIONS? HOW OFTEN DO YOU PERSONALLY VISIT THE WAREHOUSE?
Daily — 13. More than once a day — 5. Less than once a day — 2.

5 — DO YOU GET ANY HEADQUARTERS GUIDANCE CONCERNING YOUR WAREHOUSE OPERATIONS? IF SO, WHAT HAVE THEY RECENTLY PROPOSED CONCERNING YOUR SPECIFIC WAREHOUSE FACILITIES? (e.g., STANDARDIZED SET, MANADATORIES, ETC.) (See story.)

6 — IS THE SIZE OF YOUR WAREHOUSE FACILITIES ADEQUATE TO HANDLE YOUR REQUIREMENTS? IF NOT, ARE THERE ANY PLANS FOR EXPANSION?
Adequate size — 7. Inadequate size — 12. No comment — 1.

7 — WHAT SORT OF AUTOMATION IS COMING ON-LINE FOR YOUR WAREHOUSE IN THE FUTURE, IF ANY? (See story.)

8 — SOME PEOPLE IN THE EXCHANGE SYSTEMS BELIEVE THAT EXCHANGE WAREHOUSING IS ANTIQUATED AND BACKWARD. DO YOU AGREE OR DISAGREE WITH THIS?
Agree — 10. Disagree — 5. No comment — 5.

9 — WHAT MAJOR CHANGES CAN YOU IDENTIFY IN THE WAY YOU RUN YOUR WAREHOUSE NOW, CONTRASTED WITH 10 YEARS AGO? (See story.)

Distribution has been a thorn in the side of the resale systems for a long time, with warehouses usually relegated to vintage World War II (or older) facilities. Automation and mechanization are beginning to creep into the picture, however, and change the face of exchange and commissary warehousing.

By JAY BLUCHER
Associate Editor

ASK THE PROVERBIAL MAN on the street about warehousing, and you'll probably get answers sprinkled with images of forklifts, pallets, conveyor belts and dimly lit buildings located on a waterfront — not exactly the most exotic subjects. While warehousing certainly is these things, MILITARY MARKET also learned there's a lot more to warehousing than just receiving and storing merchandise until it's needed by the exchanges and commissaries.

The degree of efficiency a resale system brings to its warehouse operations closely parallels the quality of service it provides its patrons. "Show me a good warehouse operation, and I'll show you a good exchange," is the way Dave Painter, distribution center manager for 22 separate warehouses at AAFES' Atlanta Distribution Region at Fort Gillem, Ga., describes it.

Rosalie La Fleur, chief of the ADR, describes three major elements in the total distribution picture. First, AAFES Headquarters in Dallas controls the item selection, vendor contracts, stock assortment and pricing of the merchandise. Then the warehouse (also called DC for distribution center, or GMDA for general merchandise distribution activity) has the responsibility for controlling the inventory and replenishing the stock reserves as they are shippped from warehouse to store.

Zeroing in on the warehouse's specific role, La Fleur says that, "It's our responsibility to receive it, store it and make timely distribution to the individual stores." Finally, and perhaps most important, the exchange region has the ultimate responsibility to sell the merchandise.

In order for the region to do a good job of selling that merchandise, it's got to be on the shelves. That's why in both commissaries and exchanges alike, all of the services are putting a great deal of emphasis into upgrading existing warehouse facilities, improving their use of limited space, bringing automation to their operations and fine-tuning the way management makes important decisions concerning warehouse inventories and overhead. La Fleur calls it, "making the best of a less-than-ideal situation."

"Over 50 percent of what we do in this warehouse business is documentation and overhead," she explains. Like other distribution managers from all the services, La Fleur longs for the day when the warehouse function is free of its paperwork shackle. "My goal is to someday operate a totally paperless warehouse."

To get a handle on the enormousness of the paper chase, La Fleur tells MILITARY MARKET that a 45-foot trailer

SPARE PARTS ARE carefully loaded in cartons at Fort Gillem, Ga., before being air-shipped to Europe.

delivering to a main exchange will typically carry between 400 and 1,000 cases of merchandise. She says, "You're looking at probably 50 to 100 or more separate requisitions on that haul alone." When the driver begins to unload, he has a stack of papers between five and 12 inches high of branch truckload lists, which list the contents of his haul, and each one of them has to get a case count and signature. Then the poor store has to verify each load list and receive by requisition."

In just one example of ongoing efforts to curtail the paper shuffle, AAFES is testing the use of a master facility load list in its Golden Gate, Alamo and Southeastern exchange regions, to replace the traditional 12-inch stack of branch truckload lists. "It's worked so well, we'll soon be expanding it to other regions," says La Fleur.

The REAL Thing

But the "real" solution AAFES is looking forward to goes by the acronym REAL — the realignment of AAFES' logistics, a recently approved plan by AAFES' board of directors to spend $183 million over the next seven years to completely modernize its warehouse facilities. Project REAL represents an ambitious and sweeping effort to improve AAFES' distribution system. The difficult decision to replace rather than repair, was deemed necessary by AAFES officials when estimates to continue operating from its antiquated warehouses ran as high as $115 million from 1984 until 1989.

"It's a case of spending a little down the road to avert paying a lot more down the road," in the words of one AAFES official. Painter tells MILITARY MARKET that, "Just trying to keep up the roof on some of these old warehouses is a full-time job." He points out that he was billed more than $45,000 last year alone to repair the leaky roofs on some of the warehouse relics at Fort Gillem, Ga.

The centerpiece of Project REAL is the planned construction of a new East Coast facility, which will take over many of the functions presently done by the Atlanta Distribution Region. More important, it will be an *automated* system that does not rely so heavily on human labor and manual operations, unfortunately the *modus operandi* at Gillem.

The down side of the plan, however, is that some jobs at Gillem could be affected because of the automation. Preliminary estimates of the potential AAFES-wide jobs in jeopardy due to REAL have ranged as high as 1,300. La Fleur points out that AAFES will "do as much as it possibly can to see that these folks latch on with other jobs within AAFES. We take care of our own."

"It should be easy to see why we want to go automated," says La Fleur, while touring the warehouses at Gillem. "Oh, we have a semiautomated warehouse, but then in some of our older facilities all we have in terms of automation is a forklift, or little people pulling pallet jacks around. This is still largely a distribution system relying on manual operations."

One sticking point to the whole scheme is the site for the new East Coast facility, which has not been determined yet, pending congressional approval and go-ahead for the AAFES proposal. "Maybe in November there will be some word. We still don't have the permission to proceed with project REAL yet. I'll be the second to know," she says.

New construction is planned under REAL for AAFES' warehouse facilities at Fort Worth, Texas, and Oakland, Calif. The warehouse facilities in Dayton, Ohio, and Denver, Colo., will be upgraded beginning in 1987. In addition, the warehouses at Philadelphia, Richmond, San Antonio, and Fort Lewis, Wash., are scheduled to begin closing in 1986.

How AAFES Does It

Until Project Real gets off the ground, however, the hub of AAFES' distribution efforts will continue to be Fort Gillem. The ADR is actually responsible for the *total worldwide* distribution network and is the umbrella term for the merger between AAFES' two earlier regions in June 1984 — its Eastern and Western distribution regions. The over-arching mission of the ADR is to efficiently manage the total ADR inventory of more than $183.5 million — a big job.

"We can truly say we do a little bit of everything from here," beams La Fleur. "For certain commodities, we service more than 60 percent of all ConUS merchandise that is sold in AAFES exchanges."

All of the merchandise handled in the 22 separate warehouses of Gillem is routed to one central building, called "510 Shipping" for final shipment. This requires the daily movement of merchandise from one building to the next — a tedious and time-consuming task. Shuttle carts and special tractors called "hustlers" can be seen at all hours of the day quietly making trips deep into the bowels of the warehouses. They emerge in the daylight for scant seconds, only to return into yet another warehouse and deposit their load. More than 1,100 such moves are accomplished on an average day of distribution at Fort Gillem.

In 1983 the ADR shipped in excess of $900 million worth of merchandise from Atlanta. "Our total combined issues from all of our facilities will go in excess of $1.8 billion," points out La Fleur. Systemwide, Gillem warehouses approximately 26,000 warehouse stock-keeping units (WSKUs in

the lingo); Oakland carries about 21,000, and Fort Worth averages between 12,000 and 13,000 WSKUs. "All the rest of our facilities have what we call 'close support warehouses' carrying between 4,000 and 6,000 line items," she says.

The Store as Customer

From the exchange's perspective, the ball gets rolling when the individual stores determine the the merchandise they need from a checklist. Upon receipt of that poll into the mainframe computer at AAFES Headquarters in Dallas, it is electronically routed to print terminals that create requisitions for the supporting warehouse to ship the merchandise to the requesting facility.

While the computerized system is automatically generating the requisition for additional merchandise, another computer program is automatically deleting the warehouse balance and updating the inventory. The following cycle for review of that merchandise creates a requirement report, which in turn generates a purchase order to the vendor, who, in turn, ships it to the warehouse for replenishment.

"The individual stock levels in each warehouse are monitored by the inventory control branch," says La Fleur, "and we are constantly tied in to the mainframe computer in Dallas."

A large portion of the Atlanta operation revolves around the transport of seavan containers, with more than 6,570 containers shipped worldwide in FY 1983. "We transport most of our containers to Savannah, Ga.," explains La Fleur. (Atlanta is not a port.) "One of the driving factors in our getting an East Coast facility under REAL is the drayage costs of having to pull these containers to port. Most everything we ship goes by sea, with the exception of records and automobile spare parts for Europe, which are shipped via air freight."

(The worldwide distribution of phonograph records, spare parts destined for Europe and AAFES' diamond program are all specialized warehouse operations based at Gillem.)

"In some areas, we ship fashion by air," explains La Fleur. "We ship records overland to Oakland and then put them into final distribution for the Far East. We service Germany on a lot of commodities out of Gillem. In addition, 23 percent of the merchandise volume destined for AAFES' European exchanges is also shipped out of Atlanta [via Savannah]. For some specialized commodities, such as ladies' hose, watches, ladies' foundation garments and men's shirts, we service worldwide out of Atlanta."

Service to ConUS exchanges relies on the 18-wheeler, with trucks pulling out regularly from the loading docks of Gillem, filled with merchandise. Trucks en route directly from Atlanta to the exchange they service are called "short-hauls."

Long hauls make use of "sleeper teams" in which two drivers make the trip, or else meet a switchpoint driver at a midway point in the delivery route. For example, the Fort Lewis, Wash., exchange, which is serviced by the Oakland warehouse, will use a switchpoint driver at Medford, Ore., to complete the haul. "The largest sleeper team operation is going out of Atlanta," says La Fleur.

The average dispatch from the Fort Gillem facility is more than 1,150 miles for a typical round-trip haul to an exchange. Outlying warehouses servicing ConUS exchanges average 420 miles per trip. In FY '83, more than 6,447 trailer loads depart from the Atlanta facility to various stateside exchanges, a 4 percent increase over FY '82 figures. More than 5,000 vehicles operated by AAFES traveled more than 71 million miles to service the exchanges last year, equivalent to 148 round trips to the moon.

While the majority of these trucks are commercial carriers, AAFES does have its own organic fleet of trucks, trailers and vans, complete with the AAFES logo on the cab (*see cover for logo*). "We wanted to be low-key with the logo," says the AAFES distribution chief, "but we were running into a problem with some states requiring our drivers to stop and pay road taxes [which AAFES is exempt from] and the logo lets them know we are a government vehicle ... and they better not mess with a government vehicle."

JOSEPH GRAF, AAFES' gemologist at the specialized diamonds activity at Fort Gillem, Ga., checks each and every diamond for quality and color before sale

'Clean Inventory'

It probably comes as no surprise that the goal of any warehouse operation is to keep the exchange (or exchanges) it supports in a good in-stock position. An NIS (not-in-stock) is truly a dirty word to these folks. La Fleur says, "I have found that about an 83 percent to 85 percent overall in-stock rate in the warehouses will yield pretty close to a 90 percent to 97 percent in-stock rate at the exchange level."

While one might expect the warehouse and exchange in-stock levels to be comparable, experience has taught her that exceeding the 85 percent in-stock rate usually results in her warehouses being in an overstocked position. For a warehouse manager, that's a condition they try their best to avoid. Considering the results of the recent LSAO report on the exchange systems' in-stock rates, her methods must be working, as AAFES exchanges registered the lowest NIS rate of all the systems with a sparkling 8.9 percent NIS rate. In the jargon of the business, La Fleur proudly characterizes her ADR inventory as, "clean ... very clean."

As if keeping all of AAFES' ConUS exchanges in stock was not a large enough mission, the ADR also handles AAFES' overseas distribution, with all its accompanying lag times, feeder lines and assorted headaches. Transportation time across the Atlantic to AAFES exchanges in Germany, Spain and the United Kingdom all average 26 days, with Greece requiring 29 days. Turkey and Italy average 36 days of seavan transit time from the ConUS port to the receiving facility.

La Fleur recalls earlier times in AAFES, "when in order to get merchandise into Turkey AAFES operated on the theory: 'Three months in the warehouse, three months in the water, and one in the store.' "

In addition, all of Panama and the Pacific are serviced out of the Oakland distribution center. The longest AAFES pipeline is to the Philippines where seavan transportation averages about 39 days. Korea and Okinawa av-

erage between 30 and 35 days; Japan, 27 days; Guam, 25 days; and Panama takes about 26 days from requisition print date until the container is unloaded at port.

A Peek at NAVRESSO

AAFES is not alone in its efforts to upgrade its warehousing and distribution system. "All of our warehouses are making a concerted effort to make more efficient use of the limited space available through increasing use of automation, conveyors and productivity enhancements," says Robert Byrd, NAVRESSO's director of distribution management.

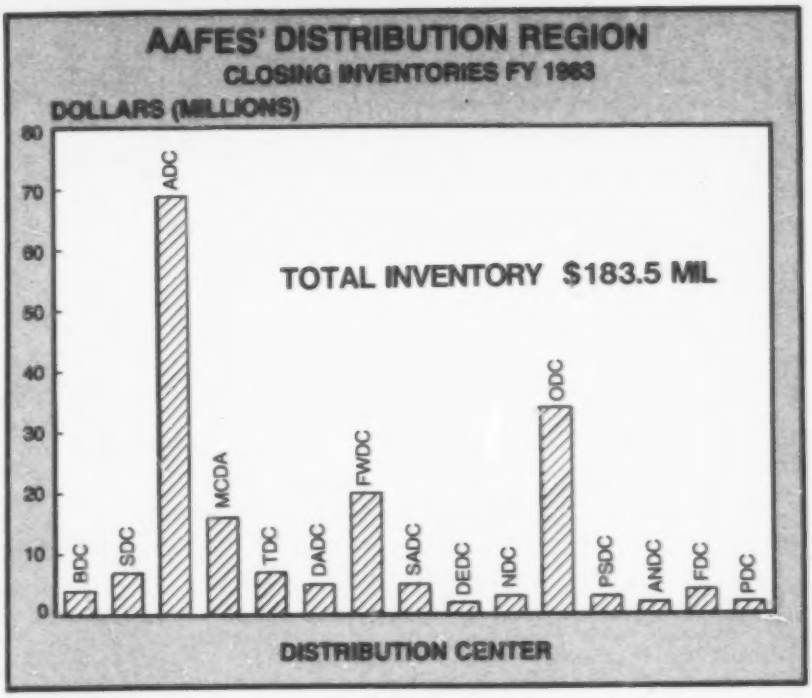
NAVRESSO is moving toward full implementation of bar coding for use in its warehouses. Byrd explains to MILITARY MARKET that the specific bar code application is called "three of nine," in warehouse lingo. Three of nine is simply a more specialized system of bar coding more applicable to the warehouse. He explains that in the warehouse environment, with its inherent high volumes of product movement, it is necessary to use an "alpha-numeric bar coding adaptation."

NAVRESSO is also making increased use of hand-held data entry devices, also known as data collectors, to better control its inventory. "These hand-held devices read the three-of-nine bar code application in both the Navy's commissaries and exchanges."

Byrd also points out the tremendous difference the opening of NAVRESSO's Fashion Distribution Center in Bayonne, N.J., has made in NAVRESSO's distribution operations. "For the first nine months of 1984, we processed just under 2 million garments valued at more than $20.5 million — at a cost per garment of just 19 cents."

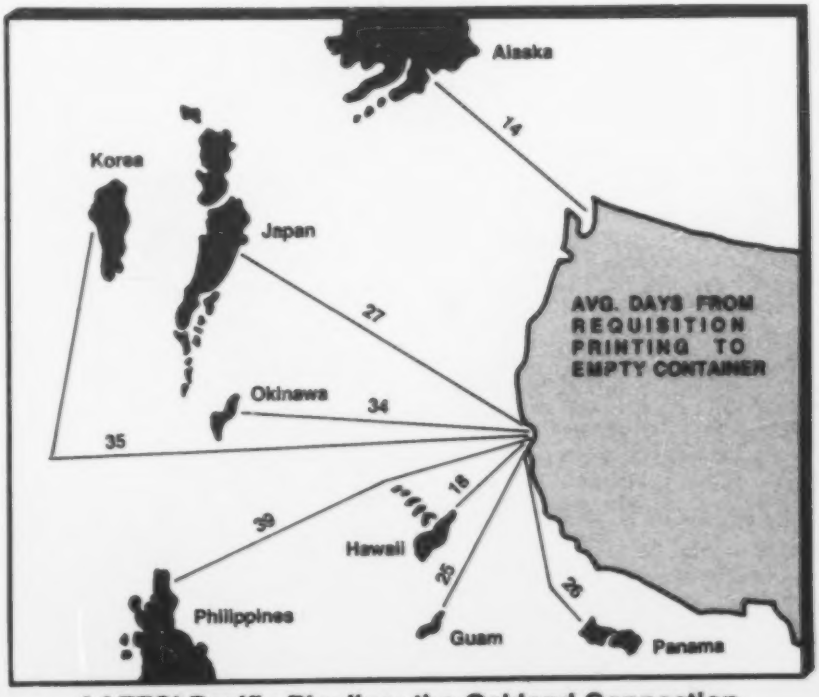
Byrd also points out the advantages to NAVRESSO of having its FDC located within the New York commercial-free zone, a 100-mile-wide concentric ring around New York city in which merchandise can be delivered to both resale and retail warehouses free of inbound transportation charges.

Byrd says he is especially proud of the Navy's newer narrow-aisle installations in which the warehouse is laid out with four- to five-foot-wide aisles rather than the traditional eight-foot-wide aisles. "There's room for only one forklift with a boom that moves from side to side to pick up the merchandise. There's no need to waste all the space for the forklifts to turn around in, and no need to make a



LEGEND:

BDC - Bellwood DC
SDC - Specialized (Records & Diamonds)
ADC - Atlanta DC
MCDA - Military Clothing
TDC - Tacony DC
DADC - Dayton DC
FWDC - Fort Worth DC
SADC - San Antonio DC
DEDC - Denver DC
NDC - Norton DC
ODC - Oakland DC
PSDC - Puget Sound DC
ANDC - Anchorage DC
FDC - Fashion Distribution Center
PDC - Panama DC

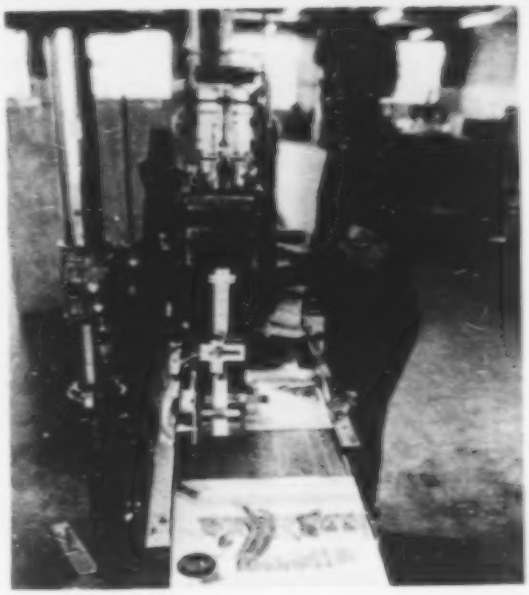


AAFES' Pacific Pipeline: the Oakland Connection

AAFES' DISTRIBUTION REGION

CONTAINERS SHIPPED FY 1983

ALASKA	390
GERMANY	2,005
GREECE	68
PANAMA	542
ITALY	145
UNITED KINGDOM	297
PUERTO RICO	358
SPAIN	99
TURKEY	105
KOREA	490
JAPAN	184
OKINAWA	473
PHILIPPINES	238
HAWAII	1,010
GUAM	172
TOTAL	6,576



THE PRICING of both records and cassettes occurs in the warehouse before shipping.

right or left turn to go into the rack. Every bit of space we can save helps."

There has also been some consolidation of NAVRESSO warehouses themselves. For example, the Jacksonville warehouse took over the distribution efforts of both Charleston, S.C., and Orlando, Fla., when these two warehouses were closed recently. Consolidation, while paring the warehouse budget, also puts added strain on existing warehouse facilities. "Whenever one warehouse closes and another takes over its support, we have to increase the depth of the quantities carried."

Since the Navy is by nature oriented toward the coasts, its warehouse operations are likewise. NAVRESSO officials believe consolidation allows one large warehouse to support several exchanges better than two or three smaller warehouses at each location could. For example, the Davisonville, R.I., distribution center supports the exchanges at New London, Conn., and Newport, R.I., as well as Navy exchanges in Upstate New York and Maine. Other major warehouses support inland locations with independent distribution centers such as at NAVRESSO's Great Lakes, Ill., exchange.

Decentralized Warehousing

In the opposite way that both AAFES and NAVRESSO warehouse their stores, both Marine Corps' exchanges and AFCOMS' warehousing operations stress decentralization and independent warehousing. Carroll Arred, commissary management specialist for AFCOMS tells MILITARY MARKET, "We don't really have any giant consolidated warehouses which serve several stores. It's all pretty much up to the store managers the way they warehouse their inventory. Usually, the warehouse for our commissaries is either attached directly to the store, or else located on the same base."

Arred explains that one area in which AFCOMS has been stressing uniformity between its stores is in devising a "standard set" for each warehouse. The goal is to have all of its warehouses set up in a similar manner, although Arred says the individual store mangers will continue to have considerable leeway in how they set their warehouses.

Arred also foresees AFCOMS' current test of daily direct-store delivery to some of its stores changing the current warehousing methods. "We may not even need any warehousing in the future, if certain stores are serviced daily. We're waiting to more fully evaluate the test, however, before we make any final decisions about warehousing changes. First thing, we have to get scanning into all of our stores."

The Marine Corps exchanges stress individual warehousing at the store level as well. "In fact, it's a requirement in all of our future construction that the warehouse be attached directly to the exchange," says Irv Feinberg, operations officer for the Marine Corps Exchange Service Branch.

Feinberg also tells MILITARY MARKET that in certain basic areas, such as H&BA, the Marine Corps is looking to "automate picking" in its warehouses. Like AFCOMS, the Marines are attempting to set up their warehouses in a more standardized layout that doesn't vary quite as much from store to store.

Marine Corps exchanges and commissaries have not adopted any bar coding systems for use in the warehouses yet, pending the arrival of scanning into their exchanges and commissaries. But like most everything in the Marine Corps exchanges, the operative word is decentralized. "It's still pretty much up to the individual store mangers," says Harold Watson, Marine Corps exchange merchandise systems manager.

Like NAVRESSO, the Marines' warehouses use an alpha-numeric system to readily identify location and type of product. He also sees the Marines' current three-pronged Management Information System of personnel, accounting and merchandising becoming more automated and computerized in the future. "Since 1980 we have been actively installing the merchandising leg of this system into all of our exchanges with NCR equipment and CPUs in each exchange. The CRT is becoming standard fare in our system."

Under its present system, the cashier must enter into the register a seven-digit code number for each item purchased. "I admit, it's time consuming, but for right now, we have to make do with what we've got."

That's a comment MILITARY MARKET heard more than once from more than one resale worker.

MM

Bed, Bath & Linen:

In Search of the Well-Dressed Bed

New bed 'n' bath designs for fall are taking their cues from the emerging menswear look in women's fashions, with lots of stripes, plaids, flannels and geometric prints.

By JAY BLUCHER
Associate Editor

IT'S NOT ENOUGH ANYMORE to have a fashionable wardrobe straight from *Vogue* or *GQ*, or an impeccably decorated loft inspired by the pages of *Architectural Digest*, or even to drive the latest sports car from Italy. For in today's modern, instant-gratification world, one can add to the list of absolute necessities of life the need to have a well-dressed bed and bath.

Both designers and bed and bath marketers have been quick to pounce on this desire and are bringing many of the trends and marketing techniques that define the fashion apparel market into the domain of bed and bath. "The market is following the fashion trends, no question about it . . . more than ever before," says Jane Wallace, director of communications for the New York-based National Bath, Bed and Linen Association.

"There's a real narrowing of the gap; more interchange between the two categories," she says. "Our industry's products are now merchandised *exactly* as if they were apparel. When all there was were white, yellow or pink sheets, the presentation did not matter so much, but with the emphasis on fashion and *color coordination* between the bed and bath, it's a whole new direction."

The popularity of the menswear look for women's fall fashions is cropping up in some of the more popular bedroom designs. This apparel influence is translated by the bedroom crowd into lots of herringbones, stripes, houndstooth, geometric patterns, and even oxford cloth button-down sheets, a masculine influence if there ever was one. "There's an emphasis on fashion; to achieve a certain look, a style all your own — very much like clothing," says Wallace.

But while the menswear influence is an undeniable trend in the current crop of BB&L offerings, Bob Hamilton, director of advertising for Fieldcrest, is one person who stresses caution. "Stores are beginning to emphasize this aspect too much. They are flooding a category with products whose appeal is not very broad-based. You cannot always assume that what is right for apparel will be necessarily right for the bedroom."

He predicts there will be strong consumer demand for softer, more romantic styling as well, with many more florals and brighter colors making their mark. "The bedroom is not the place where the average consumer is going to jump from trend to trend," he says. "Our research is showing that the average bedroom only changes every three to five years. At a cost of between $200 and $300 to make over the room, changes are not going to happen that frequently."

He points out that one of the basic decorative strategies is for the homemaker "to play off the wallpaper and rug in the room to create a pleasing motif." For this reason, he believes that wear, quality and longevity of home furnishings are just as important consumer considerations as fashion.

'Know Your Market'

Hamilton sees a close correlation between life style and the bedroom design. "You can title these whatever you like, but we have found four distinct subcategories in consumer preferences. The first is the romantic look, with lots of lace and pastels; the collector, characterized by a cottage, countrified look; the classicist, such as a tailored menswear blue-blazer look; and finally, the adventurous look, with new-wave prints, wild geometric designs and vivid color schemes."

Fieldcrest's research shows that the romantic look enjoys the strongest across-the-board appeal among consumers, with a 44 percent approval rating; collector has 36 percent; classicist, 14 percent; and adventurous, 6 percent.

Hamilton fears that many retailers and the exchange systems could make the mistake of overemphasizing the fashion aspect in BB&L. He also

believes that because of the emphasis on mail-order catalogs for bed, bath and linen products, "the wild, adventurous category is often the only one offered." He says that because of internal needs for things that "photograph well," the fashion element is often overstated.

His advice to both retailers and military exchanges is simple: "Analyze your market, know your customer. Don't let the guys with the glossy books tell you what to carry. Know your market."

'Fashion Umbrella'

In that regard, MILITARY MARKET talked with William Howk, AAFES' senior buyer for hardlines and domestics, to gauge his perceptions of the military BB&L consumer. "The mills are responding to a consumer desire for all-cotton towels, with virtually every towel we sell now being the 100 percent-cotton variety.

Howk sees renewed consumer interest in quality, with higher 180-thread-count sheets surpassing the 120- and 140-count varieties. Howk believes AAFES customers are searching for greater quality and are willing to pay more for it. He also sees continuing demand for designer labels in the exchanges. [Currently, AAFES carries two designer lines from Bill Blass — Simply Tulips and Silk Shantung] "We will be taking a hard look at many of the designer labels, but we also don't want to get away from the value-priced aspect of our market."

Like all the exchange systems, AAFES is expected to please all aspects of its diversified market, from PFC to general to retiree. "Basic floral designs continue to be our most popular offering, followed closely by geometric patterns, with solid colors showing some improvement," says Howk.

AAFES is striving to achieve a good balance in its offerings with several price points represented within each category of merchandise. "There's no doubt that patrons are paying more attention to quality and value," says Howk.

John Finneran, military sales manager for fashion-savvy Westpoint Pepperell, strongly endorses having several price points represented in the exchange. He calls it a "fashion umbrella," where shoppers can browse top-end, mid-value and budget merchandise in the bed and bath market. "The exchange *can be* both the K mart and the Saks Fifth Avenue, but it must *point out* value through its merchandising.

He recommends that this be accomplished not by increasing SKUs, but rather by more imaginatively using those SKUs currently in stock to highlight good values at significant savings to the patron. "There will always be a general or admiral desiring the top-of-the-line as well as the PFC searching for good value at a low price. By offering both, you are accenting the value inherent in each," says Finneran.

By taking such a tack, the exchange systems racked up more than $99.6 million in sales of linens and domestics worldwide in CY 1983, with more than $68.5 million sold 'domestically' and $31.2 million sold overseas.

Big Retail Numbers

Taking a bird's eye-view of the retail linens and domestics market, there are some *big numbers* to digest. For example, the bath towels market currently rakes in $1.3 billion; bath accessories, $230 million; shower curtains, $165 million; bed linens, $1.3 billion; blankets, $682 million; comforters, $594 million; and bed pillows, $270 million, according to *HFD* magazine and statistics compiled by Janet Kajenski, staff member at the Bath, Bed & Linen Association. *(See chart below.)*

Kajenski also points out another growing consumer trend in flannel sheets, which are gaining popularity each year. "At first there were only plain colors, but now we're seeing all sorts of colors and patterns," she says. Flannel sheets sold about $100 million at the retail level in 1982, and they are estimated to top $140 million in 1984. "Once, they were thought of as a specialty item, such as waterbed sheets, but they are now firmly entrenched in the consumer's mind."

Speaking of waterbeds, more than 2.5 million beds were sold in retail outlets in 1983, a 23 percent increase over the previous year's totals. Waterbed sales are expected to surge to more than $2.6 billion at the retail level in 1984, and as one analyst points out, "All those waterbed are going to need waterbed sheets and accessories as well."

Analysts predict continued strong growth for this category, forecasting more than 3 million will be sold in 1984 — figures worthy of some consideration from the exchanges, given the high number of young soldiers in its legion of shoppers.

A spokesman for the California-based Waterbed Association says, "Waterbeds have moved from their counterculture beginnings to become a very mainstream purchase — they're a very real part of Americana." MM

Size of the Retail Market, 1982

	Blankets	Bath towels	Bath accessories	Shower curtains	Bed linens	Comforters
Market Size	$682	$1.3 billion	$230	$165	$1.3 billion	$594
Department	30%	27%	22%	35%	28%	34%
Discount	30%	20%	34%	37%	22%	24%
Sears/Penney's/Ward	28%	20%	20%	22%	32%	26%
Specialty	7%	32%	19%	4%	17%	14%
Other	5%	1%	5%	2%	1%	2%

SOURCE: *HFD* magazine, May 16, 1983, and Bath, Bed and Linen Association statistics, 1983. Dollars in millions, except as noted.

Military Market Index

		JULY			YEAR-TO-DATE		
Commissaries		**CY'84**	**CY'83**	**%**	**CY'84**	**CY'83**	**%**
Air Force	CONUS	$141,186	$145,382	-2.89	$1,050,703	$1,019,500	+3.06
	OVERSEAS	28,483	29,860	-4.61	207,815	204,026	+1.86
	TOTAL	**169,669**	**175,242**	**-3.18**	**1,258,518**	**1,223,526**	**+2.86**
Army	CONUS	107,835	108,570	-0.68	742,560	727,742	+2.04
	OVERSEAS	34,230	33,285	+2.84	236,040	233,059	+1.28
	TOTAL	**142,065**	**141,855**	**+0.15**	**978,600**	**960,801**	**+1.85**
Navy	CONUS	53,673	50,292	+6.72	420,056	380,471	+10.40
	OVERSEAS	6,460	5,906	+9.38	49,392	43,608	+13.26
	TOTAL	**60,133**	**56,198**	**+7.00**	**469,448**	**424,079**	**+10.70**
Marines	CONUS	12,607	11,775	+7.07	91,106	79,588	+14.47
	OVERSEAS	219	210	+4.29	1,444	1,341	+7.68
	TOTAL	**12,826**	**11,985**	**+7.02**	**92,550**	**80,929**	**+14.36**
Coast Guard	CONUS	210	321	-34.58	1,612	1,943	-17.04
	OVERSEAS	310	142	+118.31	1,902	1,169	+62.70
	TOTAL	**520**	**463**	**+12.31**	**3,514**	**3,112**	**+12.92**
All Commissaries	CONUS	315,511	316,340	-0.26	2,306,037	2,209,244	+4.38
	OVERSEAS	69,702	69,403	+0.43	496,593	483,203	+2.77
	TOTAL	**$385,213**	**$385,743**	**-0.14**	**$2,802,630**	**$2,692,447**	**+4.09**
Grocery Stores	U.S.[1]	**$21.993 bil.**	**$21.731 bil.**	**+1.21**	**$147.958 bil.**	**$139.266 bil.**	**+6.24**
Exchanges							
AAFES	CONUS	$231,364	$232,120	-0.33	$1,591,159	$1,561,190	+1.92
	OVERSEAS	154,476	149,644	+3.23	1,083,235	1,063,700	+1.84
	TOTAL	**385,840**	**381,764**	**+1.07**	**2,674,394**	**2,624,890**	**+1.89**
Navy	CONUS[2]	83,317	81,967	+1.65	593,272	575,851	+3.03
	OVERSEAS[2]	37,414	34,681	+7.88	252,288	247,183	+2.07
	TOTAL[2]	**120,731**	**116,648**	**+3.50**	**845,560**	**823,034**	**+2.74**
Marines	CONUS	27,199	27,977	-2.78	190,980	190,354	+0.33
	OVERSEAS	4,952	4,626	+7.05	33,269	33,318	-0.15
	TOTAL	**32,151**	**32,603**	**-1.39**	**224,249**	**223,672**	**+0.26**
Coast Guard	CONUS[3]	6,136	6,073	+1.04	42,438	41,298	+2.76
	OVERSEAS[3]	836	828	+0.97	5,367	5,631	-4.69
	TOTAL[3]	**6,972**	**6,901**	**+1.03**	**47,805**	**46,929**	**+1.87**
Mail Order	CONUS[4]	995	971	+2.47	8,861	8,164	+8.54
	OVERSEAS[4]	3,962	3,353	+18.16	27,661	26,650	+3.79
	TOTAL[4]	**4,957**	**4,324**	**+14.64**	**36,522**	**34,814**	**+4.91**
All Exchanges	CONUS	349,011	349,108	-0.03	2,426,710	2,376,857	+2.10
	OVERSEAS	201,640	193,132	+4.41	1,401,820	1,376,482	+1.84
	TOTAL	**$550,651**	**$542,240**	**+1.55**	**$3,828,530**	**$3,753,339**	**+2.00**
Department Stores	U.S.[1]	**$9.267 bil.**	**$8.699 bil.**	**+6.53**	**$64.007 bil.**	**$57.170 bil.**	**+11.96**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.